



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

September 18, 2008

TO: Michael J. Knapp, President, Montgomery County Council

FROM: Joseph F. Beach, Director, Office of Management and Budget

Jennifer E. Barrett, Director, Department of Finance

SUBJECT: FY08 Fourth Quarterly Analysis

Attached please find the Fourth Quarterly Analysis of expenditures and revenues for Montgomery County Government. Overall, projected tax supported expenditures are approximately \$6.9 million higher than estimated at third quarter and the projected positive variance has grown by over \$1 million since the third quarter projections. Major variances are described in more detail below.

Board of Elections

The Board of Elections incurred unbudgeted costs associated with acceleration of the presidential primary election including the hiring of additional staff to train 3,200 election judges during an abbreviated period of time. In addition, the department incurred unbudgeted costs related to two District 4 special elections and a separate election to fill the seat vacated by Congressman Wynn. Finally, additional legal costs were incurred due to a petition and resulting court case involving Council Bill 23-07, Non-discrimination Gender Identity.

Sheriff's Office

The Sheriff's Office is now projecting higher expenditures due to overtime, labor law consultants to assist staff and represent the Sheriff in collective bargaining, security guard contract costs, and software licenses.

Working Families Income Supplement NDA

Expenditures for the Working Families Income Supplement NDA are projected to be over budget because of a higher than anticipated number of eligible recipients for the County's local Earned Income Tax Credit program.

Office of the Director

Police

The Police Department incurred fringe benefit costs (health and retirement) in excess of budget as well as excess compensatory leave payouts (pursuant to the collective bargaining agreement with the Fraternal Order of Police), a small overage in overtime, and lower than anticipated lapse costs because of improved recruitment and retention efforts. In addition, increased fuel costs caused an overage in motorpool costs of \$2.1 million that was offset by reduced costs of \$1.3 million in other operating expense categories.

Correction and Rehabilitation

Personnel costs exceeded the budget because of overtime primarily related to backfilling staff on long-term military leave or extended sick leave and to temporarily opening the last housing unit to accommodate a surge in the prisoner population. Operating costs exceeded the budget largely due to unanticipated medical cost increases as well as for higher than expected equipment and supply costs.

Health and Human Services

The HHS surplus is due to implementation of the FY08 savings plan, additional lapse generated through the position freeze, and issues related to delays in initiating and completing construction/renovation projects.

cc: Isiah Leggett, County Executive
Timothy L. Firestine, Chief Administrative Officer
Kathleen Boucher, Assistant Chief Administrative Officer
All County Government Department Heads and Merit Directors

Attachments:
Fourth Quarterly Analysis of Expenditures and Revenues

FY08 Fourth Quarter Analysis - Revenues
(\$ millions)

	FY08 May Estimate	FY08 Prelim. (unaudited)	Difference
Income	\$1,285.000	\$1,291.340	\$6.340
Property (1)	\$1,209.500	\$1,213.400	\$3.900
Transfer/Recordation (2)	\$133.500	\$135.039	\$1.539
Other Taxes (3)	\$169.900	\$168.700	(\$1.200)
Investment Income	\$25.599	n/a	n/a
Highway User Revenue	\$38.330	n/a	n/a

NOTES:

(1) Tax-supported

(2) General fund only and includes controlling interest

(3) Other taxes include admissions/amusement, fuel/energy, telephone, and hotel/motel taxes.

Department of Finance: September 17, 2008

FY08 FOURTH QUARTER ANALYSIS

Department	Latest * Budget Year End - Rounded (E)	Estimate (Year End) Rounded (F)	Variance Year End Rounded G=(E-F)	% Change to Budget (E-F)/(E)
Enterprise Funds				
<u>Community Use of Public Facilities</u>				
Community Use of Public Facilities	8,400,000	8,300,000	100,000	1.2%
 <u>Bethesda Parking District</u>				
Parking District Services	12,100,000	11,800,000	300,000	2.5%
<u>Montgomery Hills Parking District</u>				
Parking District Services	100,000	100,000	-	0.0%
<u>Silver Spring Parking District</u>				
Parking District Services	10,800,000	9,500,000	1,300,000	12.0%
<u>Wheaton Parking District</u>				
Parking District Services	1,200,000	1,100,000	100,000	8.3%
<u>Permitting Services</u>				
Permitting Services	27,100,000	26,700,000	400,000	1.5%
<u>Solid Waste Collection</u>				
Solid Waste Services	6,500,000	6,300,000	200,000	3.1%
<u>Solid Waste Disposal</u>				
Solid Waste Services	92,500,000	88,800,000	3,700,000	4.0%
<u>Vacuum Leaf Collection</u>				
Solid Waste Services	4,800,000	5,100,000	(300,000)	-6.3%
<u>Liquor Control</u>				
Liquor Control	38,900,000	36,400,000	2,500,000	6.4%
Enterprise Funds Total	202,500,000	194,200,000	8,300,000	4.1%
NON-TAX SUPPORTED TOTAL	334,400,000	325,000,000	9,500,000	2.8%
TAX and NON-TAX SUPPORTED TOTAL	1,611,200,000	1,587,400,000	23,900,000	1.5%
 Internal Service Funds				
<u>Employee Health Benefit Self Insurance Fund</u>				
Human Resources	151,100,000	148,100,000	3,000,000	2.0%
<u>Motor Pool Internal Service Fund</u>				
Fleet Management Services	59,900,000	67,900,000	(8,000,000)	-13.4%
<u>Printing and Mail Internal Service Fund</u>				
Public Works and Transportation	5,800,000	6,100,000	(300,000)	-5.2%
<u>Self Insurance Internal Service Fund</u>				
Finance	42,100,000	37,900,000	4,200,000	10.0%
INTERNAL SERVICE FUNDS TOTAL	259,000,000	260,000,000	(1,100,000)	-0.4%

FY08 FOURTH QUARTER ANALYSIS

Department	Latest *	Estimate		% Change
	Budget Year End - Rounded (E)	(Year End) Rounded (F)	Variance Year End Rounded G=(E-F)	to Budget (E-F)/(E)
NDA: Tax Supported - General Fund				
MISC. COMMUNITY GRANTS	6,300,000	6,500,000	(200,000)	-3.2%
NDA - COUNTY LEASES	15,300,000	14,100,000	1,200,000	7.8%
NDA ARTS COUNCIL OF MONTGOMERY	5,400,000	5,400,000	-	0.0%
NDA BOARDS, COMMITTEES AND COMMISSIONS	-	-	-	0.0%
NDA CHARTER REVIEW COMMISSION	-	-	-	0.0%
NDA CLOSING COST ASSISTANCE PROGRAM	200,000	100,000	100,000	50.0%
NDA COMPENSATION ADJUSTMENT	1,900,000	600,000	1,300,000	68.4%
NDA CONFERENCE AND VISITOR'S BUREAU	700,000	700,000	-	0.0%
NDA CONFERENCE CENTER	600,000	400,000	200,000	33.3%
NDA CONTRIBUTION TO MOTOR POOL	1,500,000	1,500,000	-	0.0%
NDA CONTRIB TO SELF INS FUND-RISK MGMT	8,800,000	8,600,000	200,000	2.3%
NDA COUNTY ASSOCIATIONS	100,000	100,000	-	0.0%
NDA DESKTOP COMPUTER MODERNIZATION	6,300,000	5,700,000	600,000	9.5%
NDA GRANTS TO MUNI IN LIEU SHARES TAXES	-	-	-	0.0%
NDA GROUP INSURANCE RETIREES	24,800,000	24,800,000	-	0.0%
NDA HISTORICAL ACTIVITIES	300,000	300,000	-	0.0%
NDA HOMEOWNERS' ASSOCIATION ROADS	400,000	300,000	100,000	25.0%
NDA HOUSING OPPORTUNITIES COMMISS.(HOC)	5,700,000	5,600,000	100,000	1.8%
NDA INDEPENDENT AUDIT	300,000	300,000	-	0.0%
NDA ITPCC	-	-	-	0.0%
NDA METRO WASH COUNCIL OF GOV'TS	700,000	700,000	-	0.0%
NDA MUNICIPAL TAX DUPLICATION	7,500,000	7,500,000	-	0.0%
NDA OTHER POST EMPLOYMENT BENEFITS (OPEB)	12,100,000	12,100,000	-	0.0%
NDA POLICE PRISONER MEDICAL	-	-	-	0.0%
NDA PUBLIC TECHNOLOGIES, INC (PTI)	-	-	-	0.0%
NDA REBATE-TAKOMA PARK-POLICE PROTECTION	600,000	700,000	(100,000)	-16.7%
NDA ROCKVILLE PARKING DISTRICT	400,000	200,000	200,000	50.0%
NDA SPECIAL RETIREMENT CONTRIBUTNS-	-	-	-	0.0%
NDA STATE POSITIONS SUPPLEMENT	100,000	100,000	-	0.0%
NDA STATE RETIREMENT CONTRIBUTION	900,000	900,000	-	0.0%
NDA -TAKOMA PARK-LIBRARIES TRANSITION	100,000	100,000	-	0.0%
NDA WORKING FAMILIES INCOME SUPPLEMENT	11,700,000	12,900,000	(1,200,000)	-10.3%
NDA: Tax Supported - General Fund Total	112,900,000	110,300,000	2,500,000	2.2%
NDA: Non-Tax Supported - Grant Fund				
NDA COMPENSATION ADJUSTMENT	200,000	-	200,000	100.0%
NDA FUTURE FEDERAL/STATE/OTHER GRANTS	1,600,000	-	1,600,000	100.0%
NDA HISTORICAL ACTIVITIES	-	-	-	-
NDA: Non-Tax Supported - Grant Fund Total	1,800,000	-	1,800,000	100.0%

FY08 FOURTH QUARTER ANALYSIS

Department	Latest *	Estimate	% Change	
	Budget Year End - Rounded (E)	(Year End) Rounded (F)	Variance Year End Rounded G=(E-F)	to Budget (E-F)/(E)
Tax Supported				
General Fund				
Board of Appeals	600,000	600,000	-	0.0%
Board of Elections	5,800,000	8,300,000	(2,500,000)	-43.1%
Circuit Court	10,300,000	9,900,000	400,000	3.9%
Commission for Women	1,300,000	1,300,000	-	0.0%
Consumer Protection	2,700,000	2,600,000	100,000	3.7%
Correction and Rehabilitation	63,400,000	65,000,000	(1,600,000)	-2.5%
County Attorney	5,400,000	5,600,000	(200,000)	-3.7%
County Council	8,900,000	8,600,000	300,000	3.4%
County Executive	5,000,000	5,000,000	-	0.0%
Economic Development	8,300,000	8,100,000	200,000	2.4%
Environmental Protection	4,800,000	4,400,000	400,000	8.3%
Ethics Commission	200,000	300,000	(100,000)	-50.0%
Finance	11,200,000	10,700,000	500,000	4.5%
Health and Human Services	227,500,000	218,200,000	9,300,000	4.1%
Homeland Security	6,000,000	5,600,000	400,000	6.7%
Housing and Community Affairs	6,000,000	5,600,000	400,000	6.7%
Human Resources	9,300,000	8,900,000	400,000	4.3%
Human Rights	2,500,000	2,400,000	100,000	4.0%
Inspector General	700,000	600,000	100,000	14.3%
Intergovernmental Relations	900,000	800,000	100,000	11.1%
Legislative Oversight	1,300,000	1,200,000	100,000	7.7%
Management and Budget	4,000,000	3,800,000	200,000	5.0%
Merit System Protection Board	100,000	100,000	-	0.0%
Non-Departmental Accounts	112,900,000	110,300,000	2,600,000	2.3%
People's Counsel	200,000	200,000	-	0.0%
Police	219,200,000	222,100,000	(2,900,000)	-1.3%
Procurement	3,100,000	2,800,000	300,000	9.7%
Public Information	1,400,000	1,400,000	-	0.0%
Public Libraries	-	-	-	-
Administration, Outreach, and Support	3,300,000	3,300,000	-	0.0%
Library Services to the Public	28,300,000	27,200,000	1,100,000	3.9%
Collection Management	8,800,000	8,700,000	100,000	1.1%
Public Works and Transportation	80,100,000	78,900,000	1,200,000	1.5%
Regional Services Centers	4,300,000	3,900,000	400,000	9.3%
Sheriff	19,100,000	19,700,000	(600,000)	-3.1%
State's Attorney	11,800,000	11,900,000	(100,000)	-0.8%
Technology Services	32,700,000	31,300,000	1,400,000	4.3%
Utilities	24,400,000	24,300,000	100,000	0.4%
Zoning and Administrative Hearings	500,000	500,000	-	0.0%
General Fund Total	936,300,000	924,100,000	12,200,000	1.3%

Note: Because the Department of Finance is continuing to process adjustments as part of the annual year-end closing process, the preliminary fiscal year end results presented here have been rounded to the nearest \$100,000 so as not to suggest to the reader that these are final actual expenditures. Adjustments could include posting of accruals, encumbrance liquidations, grant fund reconciliations, or other balance sheet adjustments. These adjustments are not expected to be substantially completed until November.

FY08 FOURTH QUARTER ANALYSIS

Department	Latest * Budget Year End - Rounded (E)	Estimate (Year End) Rounded (F)	Variance Year End Rounded G=(E-F)	% Change to Budget (E-F)/(E)
Special Funds				
<u>Bethesda Urban District</u>				
Urban Districts	2,600,000	2,600,000	-	0.0%
<u>Silver Spring Urban District</u>				
Urban Districts	2,800,000	2,700,000	100,000	3.6%
<u>Wheaton Urban District</u>				
Urban Districts	1,600,000	1,500,000	100,000	6.3%
<u>Mass Transit</u>				
Transit Services	107,700,000	106,600,000	1,100,000	1.0%
<u>Fire</u>				
Fire and Rescue Service	190,800,000	189,700,000	1,100,000	0.6%
<u>Recreation</u>				
Recreation	31,100,000	31,300,000	(200,000)	-0.6%
<u>Economic Development Fund</u>				
Economic Development Fund	3,900,000	3,900,000	-	0.0%
Special Funds Total	340,500,000	338,300,000	2,200,000	0.6%
TAX SUPPORTED TOTAL	1,276,800,000	1,262,400,000	14,400,000	1.1%

Non-Tax Supported

Special Funds

Grant Fund MCG

Circuit Court	2,500,000	2,500,000	-	0.0%
County Executive	200,000	200,000	-	0.0%
Economic Development	2,700,000	2,700,000	-	0.0%
Fire and Rescue Service	1,900,000	1,900,000	-	0.0%
Health and Human Services	41,400,000	41,400,000	-	0.0%
Homeland Security	400,000	400,000	-	0.0%
Housing and Community Affairs	8,700,000	8,700,000	-	0.0%
Intergovernmental Relations	-	-	-	0.0%
Liquor Control	-	-	-	0.0%
Non-Departmental Accounts	1,800,000	1,800,000	-	0.0%
Police	7,700,000	7,700,000	-	0.0%
Public Libraries	100,000	100,000	-	0.0%
Recreation	100,000	100,000	-	0.0%
Regional Services Center	200,000	200,000	-	0.0%
Sheriff	800,000	800,000	-	0.0%
State's Attorney	300,000	300,000	-	0.0%
Transit Services	11,500,000	11,500,000	-	0.0%
Grant Fund MCG subtotal	80,300,000	80,300,000	-	0.0%

Cable Television

Cable Television	10,400,000	10,500,000	(100,000)	-1.0%
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Montgomery Housing Initiative

Housing and Community Affairs	34,300,000	34,100,000	200,000	0.6%
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Water Quality Protection Fund

Environmental Protection	5,700,000	5,500,000	200,000	3.5%
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Restricted Donations

Restricted Donations	1,300,000	400,000	900,000	69.2%
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Special Funds Total	51,700,000	50,600,000	1,200,000	2.3%
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